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FISCAL IMPACT REPORT

ORIGINAL DATE 2/23/07
LAST UPDATED 3/08/07 HB _____

SPONSOR Lopez

SHORT TITLE Study & Define Uncompensated Charity Care SM 34/aSPAC

ANALYST Baca

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Health Policy Commission (HPS)

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs amendments add other health care providers to the study, recognize the uncompensated health care is also provided in offices and other clinics; and change the composition of the task force to nine from fifteen and require that members of the task force be appointed by the legislative leadership instead of the governor. The amendments also add that representation from federally qualified health centers and community-based health care clinics are included in the task force.

Synopsis of Bill

Introduced for the Legislative Health and Human Services Committee, Senate Memorial 34 requests that the New Mexico Health Policy Commission (HPC) convene a task force to study uncompensated, indigent and charity care in New Mexico in order to establish a single definition from which policymakers may reasonably make policy decisions. This definition shall be presented at the November 2007 meeting of the Legislative Health and Human Services Committee.

FISCAL IMPLICATIONS

SM 34 designates the Health Policy Commission (HPC) as the lead agency for the activity. The HPC would be responsible for providing staff support to convene and coordinate the task force and to distribute copies of the report requested. Presumably, costs involved will be borne by participating agencies from existing budgets.

SIGNIFICANT ISSUES

Issues cited in SM 34 include the following:

- New Mexico counties provided \$40,700,000 for indigent medical services in FY04;
- Various hospitals define “uncompensated care” in various ways, including it as bad debt that will not be collected, as reduction in revenue such as an underpayment from Medicaid or Medicare, discounts to private payers or other voluntary or involuntary discounts and as charity care or indigent care for purposes of accounting and for purposes of reporting on the hospital’s financial status; and
- Uncompensated care is calculated on a hospital-by-hospital basis and reported according to any definition a hospital may elect to use.

OTHER SUBSTANTIVE ISSUES

It is reported that nearly 400,000 New Mexicans are without medical insurance coverage. This not only limits the access to medical care but, as cited in the memorial, leads to hospitals providing costly uncompensated care at differing rates for the same procedure. Developing and adopting a standard definition could lead to improved planning as well as maximizing the use of funds available for indigent care.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

A single definition of “uncompensated care” may not be established in New Mexico.

LRB/mt